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HELIX TECHNOLOGY CORP  
Form 10-Q  
July 18, 2002

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549  
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QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934.

For the Quarter Ended June 28, 2002.

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934.

For the transition period from to

Commission File Number 0-6866

HELIX TECHNOLOGY CORPORATION  
(Exact name of registrant as specified in its charter)

Delaware  
(State of incorporation)

04-2423640  
(IRS Employer Identification No.)

Mansfield Corporate Center  
Nine Hampshire Street  
Mansfield, Massachusetts  
-----

02048-9171  
-----

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (508) 337-5500  
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Indicate by checkmark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past ninety days.

Yes  No

The number of shares outstanding of the registrant's Common Stock, \$1 par value, as of June 28, 2002 was 26,103,204.

HELIX TECHNOLOGY CORPORATION

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### HELIX TECHNOLOGY CORPORATION

#### CONSOLIDATED BALANCE SHEETS

| (in thousands except per share data) | June 28, 2002<br>(unaudited) | December 31, 2001<br>(audited) |
|--------------------------------------|------------------------------|--------------------------------|
| ASSETS                               |                              |                                |
| Current:                             |                              |                                |
| Cash and cash equivalents            | \$ 72,878                    | \$ 7,789                       |
| Investments                          | 2,866                        | 9,271                          |
| Receivables - net of allowances      | 18,273                       | 11,997                         |
| Inventories (Note 2)                 | 26,166                       | 27,293                         |
| Income tax receivable                | 4,453                        | 7,344                          |
| Deferred income taxes (Note 3)       | 5,707                        | 5,707                          |
| Other current assets                 | 2,320                        | 2,577                          |
| -----                                |                              |                                |

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|                                       |                  |                  |
|---------------------------------------|------------------|------------------|
| Total Current Assets                  | 132,663          | 71,978           |
| Property, plant and equipment at cost | 69,077           | 65,115           |
| Less: accumulated depreciation        | (38,294)         | (35,614)         |
| Net property, plant and equipment     | 30,783           | 29,501           |
| Other assets                          | 11,382           | 12,101           |
| <b>TOTAL ASSETS</b>                   | <b>\$174,828</b> | <b>\$113,580</b> |

LIABILITIES AND STOCKHOLDERS' EQUITY

Current:

|                                     |               |               |
|-------------------------------------|---------------|---------------|
| Accounts payable                    | \$ 13,723     | \$ 9,105      |
| Payroll and compensation            | 523           | 986           |
| Retirement costs                    | 7,713         | 6,758         |
| Income taxes (Note 3)               | 3,583         | 3,064         |
| Litigation settlement, net (Note 7) | 2,800         | -             |
| Other accrued liabilities           | 959           | 700           |
| <b>Total Current Liabilities</b>    | <b>29,301</b> | <b>20,613</b> |

Commitments and contingencies (Note 8)

Stockholders' Equity:

|  |                  |                  |
|--|------------------|------------------|
| Preferred stock, \$1 par value; authorized<br>2,000,000 shares; issued and outstanding: none                                       | -                | -                |
| Common stock, \$1 par value; authorized 60,000,000<br>shares; issued and outstanding: 26,103,204 in<br>2002 and 22,611,204 in 2001 | 26,103           | 22,611           |
| Capital in excess of par value   | 76,344           | 13,878           |
| Treasury stock, \$1 par value (3,840 shares in 2002<br>and in 2001)  | (232)            | (232)            |
| Retained earnings  | 46,105           | 58,261           |
| Accumulated other comprehensive income (Note 5)  | (2,793)          | (1,551)          |
| <b>Total Stockholders' Equity</b>  | <b>145,527</b>   | <b>92,967</b>    |
| <b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>  | <b>\$174,828</b> | <b>\$113,580</b> |

The accompanying notes are an integral part of these financial statements.

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HELIX TECHNOLOGY CORPORATION  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(unaudited)

Three Months Ended Six Months Ended

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| (in thousands except per share data)                      | June 28,<br>2002 | June 29,<br>2001 | June 28,<br>2002 | June 29,<br>2001 |
|---|------------------|------------------|------------------|------------------|
| Net sales   | \$29,015         | \$26,604         | \$ 49,395        | \$75,245         |
| Costs and expenses:                                       |                  |                  |                  |                  |
| Cost of sales   | 19,653           | 18,495           | 35,194           | 47,002           |
| Research and development                                  | 3,968            | 4,209            | 7,484            | 8,442            |
| Selling, general and administrative                       | 11,314           | 9,460            | 19,373           | 19,365           |
|   | 34,935           | 32,164           | 62,051           | 74,809           |
| Operating (loss) income                                   | (5,920)          | (5,560)          | (12,656)         | 436              |
| Joint venture income                                      | 14               | 553              | 59               | 1,518            |
| Interest and other income                                 | 296              | 214              | 365              | 631              |
| (Loss) income before taxes                                | (5,610)          | (4,793)          | (12,232)         | 2,585            |
| Income tax (benefit) provision (Note 3)                   | (1,823)          | (1,558)          | (3,975)          | 840              |
| Net (loss) income   | \$ (3,787)       | \$ (3,235)       | \$ (8,257)       | \$ 1,745         |
| Net (loss) income per share (Note 4):                     |                  |                  |                  |                  |
| Basic   | \$ (0.15)        | \$ (0.14)        | \$ (0.34)        | \$ 0.08          |
| Diluted   | \$ (0.15)        | \$ (0.14)        | \$ (0.34)        | \$ 0.08          |
| Number of shares used in per share calculations (Note 4): |                  |                  |                  |                  |
| Basic   | 26,097           | 22,539           | 24,599           | 22,536           |
| Diluted   | 26,097           | 22,539           | 24,599           | 22,662           |

The accompanying notes are an integral part of these financial statements.

HELIX TECHNOLOGY CORPORATION  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(unaudited)

| (in thousands)                        | Six Months Ended |               |
|---------------------------------------|------------------|---------------|
|                                       | June 28, 2002    | June 29, 2001 |
| Cash flows from operating activities: |                  |               |

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|   |            |           |
|---|------------|-----------|
| Net (loss) income   | \$ (8,257) | \$ 1,745  |
| Adjustments to reconcile net income to net cash provided by operating activities: |            |           |
| Depreciation and amortization   | 2,944      | 2,437     |
| Other   | (486)      | (1,479)   |
| Net change in operating assets and liabilities (A)                                | 6,688      | 6,977     |
| -----   |            |           |
| Net cash provided by operating activities   | 889        | 9,680     |
| -----   |            |           |
| Cash flows provided by (used by) investing activities:                            |            |           |
| Capital expenditures  | (4,226)    | (9,489)   |
| Purchase of investments   | (8,140)    | (23,255)  |
| Sale of investments   | 14,508     | 22,932    |
| -----   |            |           |
| Net cash provided by (used by) investing activities                               | 2,142      | (9,812)   |
| -----   |            |           |
| Cash flows provided by (used by) financing activities:                            |            |           |
| Net proceeds from stock offering  | 65,246     | -         |
| Net cash provided by employee stock plans   | 711        | 491       |
| Cash dividends paid   | (3,899)    | (5,408)   |
| -----   |            |           |
| Net cash provided by (used by) financing activities                               | 62,058     | (4,917)   |
| -----   |            |           |
| Increase (decrease) in cash and cash equivalents                                  | 65,089     | (5,049)   |
| Cash and cash equivalents, at the beginning of the period                         | 7,789      | 15,435    |
| -----   |            |           |
| Cash and cash equivalents, at the end of the period                               | \$72,878   | \$ 10,386 |
| =====   |            |           |
| (A) Change in operating assets and liabilities:                                   |            |           |
| (Increase) decrease in accounts receivable  | \$ (6,276) | \$ 21,179 |
| Decrease in inventories   | 1,127      | 1,246     |
| Decrease in income tax receivable   | 2,891      | -         |
| Decrease in other current assets  | 257        | 100       |
| Increase (decrease) in accounts payable   | 4,618      | (12,239)  |
| Increase in accrued litigation settlement, net                                    | 2,800      | -         |
| Increase (decrease) in other accrued expenses                                     | 1,271      | (3,309)   |
| -----   |            |           |
| Net change in operating assets and liabilities                                    | \$ 6,688   | \$ 6,977  |
| =====   |            |           |

The accompanying notes are an integral part of these financial statements.

HELIX TECHNOLOGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Basis of Presentation

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The accompanying consolidated financial statements for the periods ended June 28, 2002, and June 29, 2001, contain all adjustments (consisting only of normal recurring adjustments) necessary to present fairly the financial position as of June 28, 2002, and December 31, 2001, and the results of operations and cash flows for the periods ended June 28, 2002, and June 29, 2001.

The results of operations for the six-month period ended June 28, 2002, are not necessarily indicative of the results expected for the full year.

The consolidated financial statements included herein have been prepared by the Company, without audit of the six-month periods ended June 28, 2002, and June 29, 2001, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to present fairly the Company's financial position and results of operations. These consolidated financial statements should be read in conjunction with the financial statements and the notes thereto included in the Company's latest Annual Report on Form 10-K.

### Note 2 - Inventories

| (in thousands)      | June 28, 2002 | December 31, 2001 |
|---------------------|---------------|-------------------|
| Finished goods      | \$ 9,775      | \$ 8,570          |
| Work in process     | 12,349        | 13,067            |
| Materials and parts | 4,042         | 5,656             |
|                     | -----         | -----             |
|                     | \$26,166      | \$27,293          |
|                     | =====         | =====             |

Inventories are stated at the lower of cost or market on a first-in, first-out basis.

### Note 3 - Income Taxes

The net federal, state and foreign income tax benefit was \$3,975,000 for the six-month period ended June 28, 2002, and the net federal, state and foreign income tax provision was \$840,000 for the six-month period ended June 29, 2001. Tax credits are treated as reductions of income tax provisions in the year in which the credits are realized. The Company does not provide for federal income taxes on the undistributed earnings of its wholly-owned foreign subsidiaries, since these earnings are indefinitely reinvested.

The effective income tax rates for the six-month periods ended June 28, 2002, and June 29, 2001, were 32.5%.

The major components of deferred tax assets are compensation and benefit plans, inventory valuation and depreciation. Based on past experience, the Company expects that the future taxable income will be sufficient for the realization of the deferred tax assets. The Company believes that a valuation allowance is not required.

HELIX TECHNOLOGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4 - Net (Loss) Income Per Share  
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Basic net (loss) income per common share is based on the weighted average number of common shares outstanding during the period. Diluted net (loss) income per common share reflects the potential dilution that could occur if outstanding stock options were exercised.

The following table sets forth the computation of basic and diluted net (loss) income per common share:

| (in thousands except per share data) | Three Months Ended |                  | Six Months Ended |                  |
|--------------------------------------|--------------------|------------------|------------------|------------------|
|                                      | June 28,<br>2002   | June 29,<br>2001 | June 28,<br>2002 | June 29,<br>2001 |
| Net (loss) income                    | \$ (3,787)         | \$ (3,235)       | \$ (8,257)       | \$ 1,745         |
| Basic shares                         | 26,097             | 22,539           | 24,599           | 22,536           |
| Add: Common equivalent shares        |                    |                  |                  |                  |